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ADVANTAGES OF CENTRALIZED EMPLOYMENT¹

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It is not my intention to speak of the advantages of centralized employment work as an untried thing, or even as a new departure. Progress has been so definite along this line that it is becoming the exceptional thing among conspicuously well-managed concerns to find those which have not established functionalized employment departments. There is not a city in the country in which there is not a considerable number of companies of the first importance which have accepted the principles of employment work as of fundamental importance.

EVOLUTION OF CENTRALIZED EMPLOYMENT

The centralized employment department is the natural successor in the evolution of business from the methods which have been common in business since industry first began to assume its large importance in the world's affairs. In the very beginning labor-saving machinery came in. Somebody invented the loom and set it up in an English kitchen. Then someone figured that, if power could be found, a further advance in production would be made that would enormously increase economic wealth. At this point the centralization of labor-saving machinery became necessary, in order that the sources of power might be accessible. Thus we came to the factory. The first application of power to machinery was the water power; then came the invention of steam and a whole world of possibilities was opened up for the development of the factory system. The first factories were barns and sheds and old houses. Then someone, considerably later, decided that the machinery could be set up to greater advantage in a special building. So production came to the understanding of the importance of factory construction, from which time the study and development of this has been constant.

¹Address delivered before the Philadelphia Association for the Discussion of Employment Problems, November 8, 1916.

Then, men began to see the advantage in arranging the machinery so as to facilitate routing in the processes of manufacturing. So, in the evolution, scientific management developed. Scientific management is not an arbitrary and machine-like way of doing things, as sometimes it is interpreted to be; but it is rather the recognition that there is one best way of doing each specific thing in the world, and that study and effort to discover that way is well worth while.

Thus through the evolution from labor-saving machinery, sources of power, factory design and scientific management, we come down to the latest factor in the development of the competitive method. At the present time there is nothing in particular that one intelligent concern can do over another equally intelligent in the securing of raw materials. There is nothing that one well-administered concern can do that gives it an advantage in policy over another concern equally well-managed. All can buy the same kinds of machinery if they know where to get it; or they can design the same kind. Processes cannot now be kept long entirely secret. Nothing is secure which rests on the assumption that the competitor cannot know how it is done. Thus it has come about that those who want to be put on a permanent basis of profit desire to establish a reputation for intelligent and considerate action which will make people want to stay with them. It is coming to be understood, in other words, that the opportunity for increased dividends and for advantage over competitive concerns, lies largely in the relationship which can be established with the men and women who make up the productive labor force. Thus it is that attention is being not only attracted to, but literally riveted upon, this great unsystematized and long entirely neglected field of problems of personnel.

The movement is under a headway that cannot be stopped; and some concerns who will not openly admit their interest in matters of this sort are in effect, though under different names, earnestly, even if unintelligently, seeking a basis of action which shall remove industrial unrest from their organizations. The one *greatest* problem in American industry at the present time is how to get, and how to keep, a labor supply which will do the work at hand in the best and the most profitable way.

BACKWARDNESS OF AMERICA

We pride ourselves on our industrial progress in the United States, and we are wont to boast of the advantages of our methods over those of other countries. But yet, we have come very late to this problem. The success of Germany in carrying on the present war, in which she has shown such remarkable resourcefulness and such remarkable ability, is due no more to her efficient handling of men and arms than it is due to the fact that she has spent years in specializing on human relations in industry. Social adjustments had been worked out to greater scientific accuracy in Germany than in any other country. England's problem was how to apply the talents and potential ability of her men and women to the stern necessities facing her in problems of production, no less than in matters of military and naval policy. In America at the present time, amid all the shortages that exist, the one great overwhelming shortage is of men and women properly equipped to do the work which is available for this country to do, if only we can handle it.

Two years ago a manager of major rank in a great Philadelphia plant told me: "We are not interested in problems of personnel. We have a lot of work; but there are always more people to do it than there is work; and if those we have do not wish to work under our conditions, they can go, and we will go out and get others." Even so soon the folly of such a remark is apparent. The shoe is on the other foot. The work is available in quantities, but workers can hardly be secured at any wages.

No one knows exactly what will be the result on industry in America at the end of the war. It is a certainty, however, that one of two alternatives will have to be faced: either we are going into an era of unprecedented prosperity, and will continue to need, as we are coming to need now, people who are trained to our work, who are loyal to our organizations, and whom we can induce to remain steadily with us; or else we are going into an era of competition and price-cutting, when every element of risk must be eliminated, and when every element of waste must be guarded against, when manufacturers must come down to the basis of utilizing every advantage at hand.

A Chicago man said to me recently:

Up to a few weeks ago I insisted that there was nothing in centralized employment for us. But I came to the conviction that there was a true analogy in this to our purchasing department. Two years ago we put a man in charge of purchasing simply our printed forms; and I found a few weeks ago, upon investigation, that this centralized responsibility has saved us over \$35,000 in two years. Somehow, out of this I saw the argument for the employment office. If the removal of responsibility for printed forms from our department heads accomplished so much, what wouldn't happen if in like way we removed responsibility for the purchase of our labor?

ATTITUDE OF DEPARTMENT HEADS

Recognition has to be given to one thing in considering the establishment of such a department. For some reason the average man feels that his bailiwick is invaded unduly if in any way authority is taken away from him in regard either to the hiring or to the discharge of employes whose work he is directing. It is almost impossible to convince foremen or department managers that many men in their places who have held ideas like theirs have come to feel that they have been relieved of a burden of whose weight they had no idea while it was upon them. Many a man has come to feel relief at the opportunity to apply himself to the specific work in which he was skilled, as he never had the opportunity to do while held responsible for keeping up his own labor supply. Experience justifies the argument that a well set up employment department, tactfully managed and administratively endorsed, will vindicate itself to the worst skeptics, if it is but given time.

We must not lose sight of one matter, which is a weakness not yet corrected in modern theories of organization, using the term organization in its technical sense. The transition from the old-time unit type to the functional type of organization has brought in its train of major advantages certain weaknesses which remain to be corrected. There is always the tendency, in this newer form of organization, that goes inevitably with specialization, to narrow the range of solicitude on the part of the various executives of lesser rank and their respective subordinates, from concern for the company's interests as a whole to concern simply for the functionalized department. This is a natural outcome of the period when maximum emphasis had of necessity to be placed upon departmental boundaries in order to establish the system. But once established, the system requires that connection of one man with another

should be not simply by route of the charted lines of an organization sheet, but that all who have to do with the company's business should feel definite relationships with all others of the force, to an extent that each should have concern that all responsibilities of the company should be met in whatsoever functionalized department they might appear.

The one great weakness that the functionalized organization has failed to correct is a tendency to breed executives without antennae for the interests of respective organizations as wholes. It is, of course, a fault that can be corrected only slowly, and even then must be a matter of the spirit in which the worker is bred rather than the way in which organization should be outlined on printed charts.

It is all very difficult and hard to get at; but it is all tremendously involved in the question of how to create the new spirit of *esprit de corps* and coöperation, which successful industries will have to create. It is studies such as are involved in questions of this sort that become a vital part of the comprehensive work of a well designed employment office; and it is by such avenues that it can become of maximum usefulness to heads of concerns.

Another difficulty is the fact that in concerns where broad and intelligent policies prevail at the top, and where systems are installed looking to the betterment of the lower grade positions, there is such frequent failure to transmit the spirit behind these things beyond a small group at the top who know just what they are all about. Sometimes this group attempts to familiarize a somewhat larger group, subordinate to them, with the motives and the spirit behind proposed projects; but usually the scheme never gets down to the mass of productive workers in any form that carries conviction to their minds that there is a broad conception behind it. Therefore, not knowing what these things are all about, they become skeptical; and in this frame of mind the original good is so completely neutralized that there is little advantage to the company in having had the broad conception at the initiation of the plan. The point I am trying to make is, that too often there seems to be a complete insulation between the people at the top of the company and those at the bottom, due to the mental or spiritual inability of sub-managers and sub-foremen to transmit the spirit of men higher up to those lower down. It is here again that the

intelligently administered employment office can become of value entirely disproportionate to any cost involved in maintaining it.

RELATIVE IMPORTANCE OF EXECUTIVES AND WORKING FORCE

There is another fallacy to be overthrown, and that is the old-time autocratic and arbitrary theory that the subordinate productive worker exists to supplement the efforts of the executive over him. It is now coming to be recognized that executives exist rather to correlate and supplement the efforts of the productive force. One cannot argue this case as a whole without going into an immense amount of detail, but superficially it is true that the world's work would be far more completely done if all executives were to be wiped out of existence at one stroke than if all productive labor were to be.

If we are forced to accept the hypothesis of the complete elimination of one group or the other, I think that most of us would spare the executives before we would the productive force. Men in the highest positions, however, will concede this far more quickly than the foreman who has just been promoted from the ranks.

There is an assumption that needs to be guarded against in any consideration of the establishment of an employment department, namely, that employment is a term covering an occasional thing. The attitude has been too frequent that the whole problem was to get the man in, and that once in the system he is in a hopper and as the mill grinds he will be ground out either as wheat or chaff. Leaving the ethics of the matter entirely aside, we cannot as a matter of profits continue to have so much lost as chaff. It costs too much continually to feed the hopper. Having secured the force, there is financial advantage to a company in keeping it and in maintaining it under such conditions that the individuals composing it will be unwilling to leave. There is nothing visionary about this proposition. It comes down to the fundamental basis of the financial welfare of the concern.

SUPERVISION AFTER HIRING

This brings up the point of the function of the employment department after the labor force is engaged. The curse of industry in the past has been the impersonal nature of its administration. This is a very real danger at the present time in the development

of the theory of the employment department. This department, more than any other, cannot afford to become impersonal. It is, in my estimation, the danger of the whole tendency of the present day to judge by prescribed tests in regard to the retention or rejection of workers either on the job, or in regard to those being newly sought.

But having secured an individual to do our work, and having got him established on a basis satisfactory to the department into which he goes, what, then, is the realm of the employment department? There can be no question that the respective department heads must be the final judges in regard to the grade of work and the desirability of retention of the individual employee under them. They know the work to be done. However, I believe that it is a kindness to them, as well as to the people under them, that some department outside of theirs shall continually watch their policy and appraise it by outside standards in relation to its policies with the people working therein.

There is a factor involved in many a discharge which never comes to be known by the man who cuts the relationship between the company and the individual. If the people of our productive forces are going to work with enthusiasm and loyalty, they must have confidence that discharge is not coming to them because of conditions over which they have no control, and that a peremptory dismissal shall not come to them for temporary impairment of ability which has been preceded by faithful and painstaking work. There must be some avenue through which information can be secured as to the justice of the action of the man above, as well as to the basic reason for the fault of the man below. If it is discovered that a man has fallen off in his work, due to some temporary condition of such a nature as would have impaired the work of the highest executive as well as that of the lowest operative, the man down the line who receives the discharge is going to resent bitterly the lack of opportunity for him to bring out the extenuating circumstances, which he knows would be so plainly evident in the case of the man of higher rank. For some such reasons as these an employment department ought to have a definite right of access to individuals throughout the plant. It is hard to estimate what a brake on unreasonable discharge may be established by such a contact. Hardly a concern at the present time would think of making pay-

ment on its checks legal without a second signature; and yet industry goes on dealing with the lives of men and women on the basis of individual caprice on the part of its less intelligent executives.

The so-called welfare work, the rapidly increasing province of accident prevention and health preservation, and the policy of special training which we somewhat euphemistically call educational work, are all details of the general purpose which ought to lie under the establishment and maintenance of an employment department. Such a department should report to the head of the business. If it is not important enough to do this it ought not to be established.

POSITION IN THE ORGANIZATION

Such a department should be given the responsibility of securing the labor for the different departments of the plant; and the procedure should be established that men and women be secured through this department until it becomes evident that it cannot render value. In my estimation such a department does not need arbitrary power, but it does need a sympathy of understanding from those at the head of the business, and an endorsement which shall give it standing with those of lower rank. Such a department should be given access enough to all portions of the plant so that it may effectually act as a check on the non-comprehending department head who has no ability or intention to do anything except to exercise arrogantly such power as inheres in his position. The employment manager exists not so much to say that things shall be done or that they shall not be done, as he does to know what is taking place and the reason therefor.

Such a department cannot be defined as any specific thing in any specific concern, because it will differ so much in one from another. But the fundamental purpose will be much the same. It ought to be the first aid for getting the best people for the positions; and it ought to be the big brother of all the department heads in their effort to keep and train their men so that these shall be of greatest use to themselves, to the concerns involved, and to the community.

Is there some process available in your organization, by which those men who are worthy can be given an opportunity to work with

some security of tenure and have opportunities to make themselves of added value to the company? If so, the centralized employment department should find it. The successful industry of the future is going to be set against a social background in which a healthier status will exist not only for men's bodies but for men's minds. It is in developments such as these that the centralized employment department can be of vital advantage. And the advantage is not an intangible one, for it will be found to translate itself definitely and permanently into dollars and cents.